

2006 / Fiscal Year 2007 Priorities

Continued Good Stewardship of Taxpayer Dollars

Missouri state government faces a new budget year with a surplus, instead of a deficit. Continued good stewardship of taxpayer dollars and a focus on efficiency will continue to build Missouri's fiscal stability. Governor Blunt is committed to ending wasteful spending practices and implementing even more cost saving measures in Missouri's executive branch.

- The Governor's recommended Fiscal Year 2007 budget is the first in eight years to recommend fewer than 60,000 state employees.
- The Governor is committed to reducing the size of state government while continuing to increase efficiency and quality customer service for taxpayers.
- In the Fiscal Year 2007 budget, the Governor is recommending \$115,000 for the Commissioner of Administration to hire three staff to conduct on-going objective examinations of state expenditures and identify potential cost savings. They will provide detailed analysis of monthly expenditures, consult with agency personnel and Division of Accounting management, and make recommendations for lowering costs while maintaining or improving existing levels of service.

State Employee Compensation

Missouri's employees have improved efficiency and productivity and done more with less. The Governor recommends:

- \$93.6 million for a four percent pay raise adjustment for all employees.
- \$38 million to continue to provide the state's share of health insurance coverage for state employees. This funding will maintain the state's current contribution rate.
- \$11.9 million to provide an adjustment for critical state positions with high turnover rates that are the most difficult to fill, including corrections officers, nurses, and certain state law enforcement officers.

Minority- and Women-Owned Business Participation Programs

In September 2005, Governor Blunt created the Office of Supplier and Workforce Diversity to withstand constitutional scrutiny of the program and more adequately address the needs and obstacles of women and minority-owned businesses.

- The new office and structure will allow the state to be more aggressive in recruiting minority- and women-owned businesses to enter into contracts with the state and keep better records of the compliance of contractors.

Responsible Stewardship of Taxpayer Dollars

“Missourians deserve a government that works for them and spends their money wisely. We must rebuild trust and commitment.”

- Matt Blunt

2005 Successes

Looking back over 2005, we see a historic session, a record year in job creation, and education put back where it rightly belongs, as the state’s top priority. Action taken in 2005 laid a firm foundation on which to build Missouri’s future. In 2006, Missouri state government no longer faces a \$1.1 million

deficit, but instead, a surplus - a surplus that was brought about by strong economic growth, increased tax revenues, sound fiscal management, and good stewardship of taxpayer dollars.

On his first day in office, Governor Blunt announced the closing of the state's Washington D.C. office, a freeze on the purchase of non-

emergency vehicles and cell phones, and the purchase and leasing of new office space for state agencies. Since the Governor’s first day in office, wasteful leases have been ended in favor of using state-owned space for a savings of \$2.2 million.



The closing of the Washington D.C. office has saved and will continue to save the state more than \$160,000 in rent and staff salary annually. These actions on his very first day in office set the tone for a year that has produced results in cost savings, reduced waste, increased efficiency, and many other simple, commonsense, cost-saving measures that have saved millions of taxpayer dollars.

Savings in the Office of Administration

By improving personnel management, reorganizing staff and responsibilities in the Commissioner's Office, the Office of Administration (OA) was able to reduce staff by ten full-time positions without reducing services to taxpayers.

- OA's Facilities Management recognized privatization would result in significant savings. By moving janitorial and security services out of the state payroll and into the private sector, taxpayers will spend about \$1.6 million less for the same services. The switch will move 68 full-time positions in Kansas City, Springfield, St. Joseph, and St. Louis to private contractors.
- Instituted a statewide inventory and assessment of the state's real estate holdings. As a result, \$1.3 million of excess property has been sold and the funds deposited into general revenue.
- Directed the consolidation of state agencies within owned and leased facilities and terminated leases that were underutilized, which resulted in a reduction of 245,000 square feet of leased space and \$2.2 million in annual rent.
- Privatized the facility maintenance operations in St Louis and Springfield saving \$1.6 million annually while improving the overall condition of the state's facilities.

- Executed the State of Missouri's first Energy Performance Contract that authorized a \$4.2 million energy saving modification for two of the largest state office buildings. The modifications will be funded from the resulting utility savings and will not require additional appropriations.
- Combined the department's facilities management and construction oversight divisions, eliminating duplication and saving taxpayers over \$1 million annually.

Consolidating Missouri State Government's Information Technology

Consolidating Information Technology (IT) services has allowed the state to be able to continue its key IT missions while realizing a savings of \$2.6 million.

- For example, consolidating authority over IT staff and budgets has allowed the state to avoid refilling IT positions through data network and server support consolidation.
- Consolidation has also allowed the state to prescribe one good tool to swipe hard drives on decommissioned computers which will ensure that citizen's confidential information will be erased from equipment sent to Surplus Property.
- Consolidating IT procurements as a statewide entity is cost effective. For instance, the division also renegotiated its telecommunications contract and initiated other cost reduction measures, which will reduce state agency telecommunications costs by \$835,000 in Fiscal Year 2006 and by at least \$400,000 per year through Fiscal Year 2010.

Commonsense Savings in the Department of Revenue

Transitioning the state's 11 branch license offices into offices operated by contract agents accounted for nearly 200 of the total 309 full-time employee reductions in the Department of Revenue (DOR), and will save the state more than \$7 million each year. Meanwhile, customers statewide have seen no decrease in the department's commitment to customer service.

- The department has announced that beginning in January 2006, they will use postcard motor vehicle renewals instead of letter form notices, a change that will save about half a million dollars annually.
- DOR also ended newspaper and magazine subscriptions as well as food expenditures, reduced organizational memberships, cut its automobile fleet, and greatly limited travel. The department implemented commonsense spending of taxpayer dollars. For example, the department ended a \$4,000 per month consulting contract where virtually no work had been performed.

Cost Savings in the Department of Corrections

The Department of Corrections identified substance abuse services they offered to offenders that were also offered by the Department of Mental Health. Corrections worked with Mental Health to consolidate the programs and erase the duplicative services.

- The Department of Corrections has also consolidated its inmate education services to save over \$1.4 million while ensuring that every inmate to be released will still have the same access to education.

Reorganization of the Department of Economic Development

Under the department reorganization, the divisions of Business Development and Trade, and Community Development were merged into one operation to create efficiencies in how the department delivers its services to Missouri's businesses, communities, and related organizations.

- The merger will move more professionals out of Jefferson City and into the field to better serve communities and businesses, focus staff on the goals and missions of the department, and raise the department's expectations for results.
- The department's sales team will have regional and national responsibilities to seek out, respond to and partner with local officials to seek opportunities to create jobs, stimulate private investment, and increase local revenues. There also will be industry specialists whose sole responsibility will be to focus on their specialty areas such as agriculture, the auto industry, life sciences, and biotechnology.
- The marketing team will support the activities of the sales team by promoting Missouri as a great place to work and do business both nationally and internationally. The finance team will also lend its expertise to the sales team by packaging finance deals, suggesting appropriate incentives for communities, and writing proposals that will be most attractive to companies seeking to locate or expand in Missouri.
- The department's compliance team will provide on-site monitoring to ensure the department's incentive programs are being used correctly and that taxpayer dollars are receiving the best return on investment.

Reorganization of the Department of Revenue

The Department of Revenue reorganized to promote its core mission of excellent customer service, good stewardship of taxpayers' dollars, and commitment to following the law. The department has reorganized into three divisions to reflect this mission:

- Customer Services
- Fiscal Services
- Legal Services

The biggest change was combining the previous Taxation and Motor Vehicle/Driver Licensing Divisions into the new Customer Services Division. The reorganization was designed to promote effective administration, improve consistency of customer service to all Missourians, enhance cross-training of employees, eliminate duplication, and save tax dollars.

Reorganization of the Department of Health and Senior Services

The Department of Health and Senior Services, to ensure better utilization of resources and viability of services, has consolidated the Director's Office senior management. The department also:

- Consolidated the community, environmental, local, health information, epidemiology, and minority and women's health programs into a single Division of Community and Public Health.
- Separated the current Division of Senior Services and Regulation into two divisions - the Division of Senior and Disability Services and the Division of Regulation and Licensure.
- Consolidated all department-wide administrative and operational support functions under a central core reporting directly to the Department Deputy. These are functions that are global in nature and do not fit under a programmatic division.

Reorganization of the Department of Natural Resources

The Department of Natural Resources implemented a reorganization in 2005 that has helped businesses, communities, and citizens to protect the environment. The reorganization:

- Established the Field Services Division. This new division will consolidate the department's five regional offices, its Environmental Services Program, and several related functions from other divisions.
- Improved communication by locating an ombudsman at each regional office. The ombudsman will be independent of the regional office and will inform the regional director and the department director of issues, concerns and problems, and assist in issue development. Removing some time-consuming responsibilities from the regional directors should free up more of their time to address their added professional, technical, and leadership responsibilities.
- Merged its Air and Land Protection Division with its Water Protection and Soil Conservation Division to form the Division of Environmental Quality. Eliminating a division within the agency will help to increase efficiencies within the department's existing budget, including the Ombudsman Program and additional satellite offices.